CIRO · OCRI
Canadian Investment Regulatory Organization
Organisme canadien de réglementation des investissements

IN THE MATTER OF
THE INVESTMENT DEALER AND PARTIALLY CONSOLIDATED RULES
AND THE DEALER MEMBER RULES
AND
WILLIAM ROBERT HALL

NOTICE OF HEARING

An initial appearance will be held before a hearing panel of the Canadian Investment Regulatory Organization ("CIRO")[1] pursuant to Rule 8200 of the Investment Dealer and Partially Consolidated Rules (the "Investment Dealer Rules") to schedule a hearing in the matter of William Robert Hall (the "Respondent"). The initial appearance and the hearing will be subject to Investment Dealer Rule 8400, as further referenced below, that governs the conduct of enforcement proceedings.

The initial appearance will be held by way of videoconference on Wednesday, June 19, 2024 at 10:00 a.m. MT

The purpose of the hearing will be to determine whether the Respondent has contravened CIRO requirements. The alleged contraventions are contained in the attached Statement of Allegations.

If the hearing panel finds that the Respondent contravened CIRO requirements alleged in the Statement of Allegations, the hearing panel may impose one or more of the following sanctions pursuant to section 8210 of the Investment Dealer Rules:

(i) a reprimand,

(ii) disgorgement of any amount obtained, including any loss avoided, directly or indirectly, as a result of the contravention,

(iii) a fine not exceeding the greater of:

a) $5,000,000 for each contravention, and

b) an amount equal to three times the profit made or loss avoided by the person, directly or indirectly, as a result of the contravention.

(iv) suspension of the person's approval or any right or privilege associated with such approval, including access to a Marketplace, for any period of time and on any terms and conditions,

(v) imposition of any terms or conditions on the person's continued approval or continued access to a Marketplace,

(vi) prohibition of approval in any capacity, for any period of time, including access to a Marketplace,

(vii) revocation of approval,

(viii) a permanent bar to approval in any capacity or to access to a Marketplace,

(ix) permanent bar to employment in any capacity by a Regulated Person

(x) any other sanction determined to be appropriate under the circumstances.

In addition, pursuant to section 8214 of the Investment Dealer Rules, a hearing panel may order the Respondent to pay any costs incurred by or on behalf of CIRO in connection with the hearing and any investigation related to the hearing.

The Respondent must serve a response to this Notice of Hearing in accordance with section 8415 within 30 days from the effective date of service of this Notice of Hearing. If the Respondent does not file a response in accordance with subsection 8415(1), the hearing panel may proceed with the hearing on its merits on the date of the initial appearance, without further notice to and in the absence of the Respondent, and the hearing panel may accept as proven the facts and contraventions alleged in the Statement of Allegations and may impose sanctions and costs.

If the Respondent files a response in accordance with subsection 8415(1), the initial appearance will be immediately followed by an initial prehearing conference, for which a prehearing conference form must be filed in accordance with subsection 8416(5).

The Respondent is entitled to attend the hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, and to make submissions to the hearing panel at the hearing.

DATED April 23, 2024.

"National Hearing Officer"
NATIONAL HEARING OFFICER
Canadian Investment Regulatory Organization
40 Temperance Street, Suite 2600
Toronto, Ontario, M5H 0B4

[1] The Canadian Investment Regulatory Organization ("CIRO") has adopted interim rules that incorporate the pre-amalgamation regulatory requirements contained in the rules and policies of IIROC and the by-law, rules and policies of the MFDA (the "Interim Rules"). The Interim Rules include (i) the Investment Dealer and Partially Consolidated Rules, (ii) the UMIR and (iii) the Mutual Fund Dealer Rules. These rules are largely based on the rules of IIROC and the rules and certain by-laws and policies of the MFDA that were in force immediately prior to amalgamation. Where the rules of IIROC and the rules and by-laws and policies of the MFDA that were in force immediately prior to amalgamation have been incorporated into the Interim Rules, Enforcement Staff have referenced the relevant section of the Interim Rules.
Section 1105 (Transitional provision) of the Investment Dealer and Partially Consolidated Rules sets out CIRO's continuing jurisdiction, including that CIRO shall continue the regulation of any person subject to the jurisdiction of the Investment Industry Regulatory Organization of Canada that was formerly conducted by the Investment Industry Regulatory Organization of Canada.

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STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated April 23, 2024, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1

Between April 2019 and October 2019, the Respondent failed to use due diligence to learn and remain informed of the essential facts relative to two clients, contrary to Dealer Member Rule 1300.1(a); and

Contravention 2

Between April 2019 and October 2019, the Respondent failed to ensure that recommendations made for two clients were suitable, contrary to Dealer Member Rule 1300.1(q).

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. In April 2019, the Respondent William Hall ("Hall") was an investment advisor registered with Canaccord Genuity Corporation ("Canaccord"). He opened registered accounts for a married couple, JH and MH (collectively "the Hs"), both aged approximately 60 years in April 2019.

2. The Hs transferred their existing registered accounts from another firm to Canacord at which time the accounts had an approximate total value of $403,000.

3. The Respondent failed to learn and remain informed of the Hs' investment objectives and risk tolerances. Information on the NCAF documentation incorrectly recorded these objectives and tolerances. He invested over 95% of the Hs' portfolio in one high-risk, speculative security, which was only available to accredited investors. The Hs were not qualified as accredited investors.

4. In October 2019, the Respondent was suspended by Canaccord for failing to keep his licensing requirements current, at which point he had no further dealing with the Hs' accounts.

5. When the Hs transferred their accounts out of Canaccord in 2021, the value of their registered accounts had declined to approximately $32,000.

Background

6. Between June 1, 2016 and March 2, 2020, the Respondent was registered as an advisor with Canaccord, working out of a branch office located in Calgary, Alberta. On October 31, 2019, Hall was suspended for failing to complete a required licensing course within the requisite time period. Hall's employment with Canaccord was terminated on March 2, 2020.

7. Hall has not been registered as an advisor since his dismissal from Canaccord in 2020.

Chronology of Events

8. In early 2019, the Hs met the Respondent at his office, after Hall was recommended by their friend, SC, who informed them that Hall was his own advisor.

9. SC attended this initial meeting at Hall's office with the Hs. The Hs showed Hall their existing account statements which were then held with another firm.

10. While with the other firm, the Hs held a diversified portfolio, consisting of various mutual funds and some dividend-paying common stocks.

11. The Hs held only registered accounts: Mr. H's RRSP (Registered Retirement Savings Plan ("RRSP") and Life Income Fund ("LIF"), and Mrs. H's Locked-in Retirement Savings Plan ("LRSP"). The Hs had no other investment accounts.

12. During this meeting with Hall, he advised the Hs that they would see greater returns at Canaccord. Hall also explained that the Hs could see their investments online any time they wished. Based on what Hall told them, the Hs agreed to transfer their registered accounts from their former firm to the Respondent at Canaccord.

13. The Respondent opened an RRSP account and a LIF account for Mr. H, and a LRSP account for Mrs. H.

14. The Hs informed Hall that they did not want high risk securities due to their age and proximity to retirement.

15. Hall incorrectly completed the New Client Account Forms (NCAFs) for the Hs because their annual income, their fixed and liquid assets, and their investment objectives and risk were overstated substantially.[1]

16. Further, their investment objectives (for both Hs) were incorrectly stated as 100% "Risk Speculative/High Risk".

17. The only item correctly recorded on the Hs' NCAFs was that "investment knowledge" for both husband and wife was accurately described as *"limited"* or *"none"* regarding the various investment product types listed on the NCAFs.

18. In April 2019, at opening of the accounts, the total value of investments transferred was valued at approximately $403,000. Mr. H's accounts formed approximately $338,000, while Mrs. H's account formed approximately $65,000.

[1] Appendix "A" shows the NCAFs in table format.

19. Subsequent to the Hs' initial meeting with the Respondent, Hall attended their home where he asked them to sign and initial certain sections of many pages. The pages were already highlighted in hand-drawn yellow when Hall produced them to the Hs.

20. The documents shown to the Hs for signature/initials were:

- The Hs' NCAFs for which,
  - both NCAFs stated investment objectives were 100% "Risk Speculative / High Risk" with time horizons of "10+ years", and
  - stated that their net liquid assets were $1.1 million;
- Subscription Agreements (6 pages each) for each Mr. and Mrs. H for the purchase of StillCanna Inc. ("StillCanna"), which included two pages regarding risk;
- Documents marking the Hs as accredited investors titled:

  "*Appendix 1 to Schedule B Risk Acknowledgement Certificate*

  Form 45-106F9 Form for Individual Accredited Investors";
- A second StillCanna Subscription Agreement for Mr. H alone;
- An acknowledgement of risk each of the Hs, consisting of one page with Canaccord's head office address and "*Attention: Compliance Department*".

21. The Respondent did not explain to the Hs what they were signing, nor did he explain that StillCanna was a high-risk investment in which the Hs could lose all of their monies.

22. Instead, Hall told the Hs that the risk acknowledgements were just a formality required of all clients who invest in the stock market. The Hs did not further read the documents before signing and initialing the pages required.

23. Hall placed approximately 96% of the Hs' total portfolio value in StillCanna.

24. StillCanna was a private cannabis company[2]. It was a speculative stock available only to accredited investors who had a minimum of $1,000,000 in liquid assets.

25. The Hs were not accredited investors and did not at any time tell the Respondent that they had $1,000,000 or more in liquid assets.

26. The 96% allocation to StillCanna, was an unsuitable level of concentration in the Hs' portfolio.

27. On October 12, 2019, Mr. H emailed Hall expressing disappointment with Canaccord's performance. Mr. H wrote that he and his wife moved their accounts to Canaccord so they "*would be in a better financial position for our retirement*."

28. Hall responded by email stating that "*markets have been tough and [I] can understand your concerns.*"

29. By August 2019, Mr. H's accounts had declined in value by $173,886 from his original amount of approximately $338,000; similarly, Mrs. H's account had declined in value by $34,542 from her original amount of approximately $64,000 by August 2019.

Respondent's CIRO Interview

30. During the Respondent's interview with CIRO Enforcement Staff on March 21, 2023, he acknowledged that the proportion of the Hs' monies invested in StillCanna may not have been appropriate for them.

[2] *StillCanna* merged with another company in September 2020, becoming *Sativa Wellness Group*.

Harm to the Hs

31. In December 2021, the Hs sold their shares in StillCanna (then called Sativa Wellness Group) and transferred out the proceeds from Canaccord to another firm.

32. The total losses to the Hs were $368,506. The Hs only withdrew $2,500 from their accounts while at Canaccord.

33. The Respondent received commissions for the Hs' purchase of StillCanna in the amount of approximately $8,500.

DATED at Toronto, Ontario this April 23, 2024.

APPENDIX A

NCAFs Completed by the Respondent

JH NCAF: RRSP & LIF

	JH
NCAF Date:	April 8, 2019
• DOB • Employment • Annual Income	July 21, 1959 (Currently, 64 yrs) Self-Employed Electrician – EMS Electrical Mechanical $190K
Total Net Worth:	$1.95Mil ($1.1Mil Liquid)
Investment Knowledge:	Limited/None
Investment Objectives:	100% Speculative
Risk:	100% High
Portfolio Value in April 2019:	$338,885 Transferred-in

MH NCAF: LRSP

	MH
NCAF Date:	April 8, 2019
• DOB • Employment • Annual Income	May 1, 1960 (Currently, 63 yrs) Alberta Health Services $90K
Total Net Worth:	$1.95Mil ($1.1Mil Liquid)
Investment Knowledge:	Limited/None
Investment Objectives:	100% Speculative
Risk:	100% High
Portfolio Value in April 2019:	$64,517 Transferred-in